

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

**OIL AND GAS DOCKET
NO. 05-0271230**

**IN THE HAYDEN LAKE (BOSSIER)
FIELD, LEON COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF ENCANA OIL & GAS (USA) INC.
FOR A NEW FIELD DESIGNATION AND ADOPTING FIELD RULES FOR THE
HAYDEN LAKE (BOSSIER) FIELD
LEON COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 8, 2011, the presiding examiners have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiner's report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the application of EnCana Oil & Gas (USA) Inc. for a new field designation for its Gresham Trust Lease, Well No. 3, is hereby approved. The new field shall be known as the Hayden Lake (Bossier) Field (RRC Field No. 39775 500), Leon County, Texas.

It is further **ORDERED** that the following Field Rules are hereby adopted for the Hayden Lake (Bossier) Field, Leon County, Texas:

RULE 1: The correlative interval from 16,440 feet to 19,585 feet as shown on the log of the EnCana Oil & Gas (USA) Inc. - Gresham Trust Lease, Well No. 3 (API No. 42-289-31851), JM Hallmark Survey, A-339, Leon County, Texas, shall be designated as the Hayden Lake (Bossier) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line or subdivision line. There is no between well spacing limitation. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well, and the above spacing rule and the other rules to follow are for the purpose of permitting only one well to each drilling and

proration unit. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission shall have determined that such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules is desired, application therefore shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rule 37 and 38, which applicable provisions of said rule are incorporated herein by reference. The standard drilling unit shall remain FORTY (40) acres per well.

In applying this rule the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: The daily allowable production of gas from individual wells completed in a non-associated gas reservoir of the subject field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the following manner:

FIVE percent (5%) of the field's total allowable shall be allocated equally among all the individual prorable wells producing from the field.

NINETY-FIVE percent (95%) of the total field allowable shall be allocated among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Railroad Commission, bears to the summation of the deliverability of all prorable wells producing from this field.

It is further **ORDERED** that all overproduction in the Hayden Lake (Bossier) Field is hereby cancelled.

Done this 23rd day of August, 2011.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by
OGC Unprotested Master Order dated August
23, 2011)